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TO: Marcia Lowry

FROM: Taylor Cheeseman

THROUGH: Kenya Rachal

SUBJECT: Narrative Explanation of MDCPS's Revised Fiscal Year 2019 Budget Request

DATE: March 7, 2018

### *Salaries, Wages, & Fringe*

MDCPS's revised Fiscal Year 2019 budget request includes \$91,000,000 for salaries, wages, and fringe. At this point, the agency projects that it will spend \$80,703,998 in salaries, wages, and fringe in this fiscal year. The Fiscal Year 2019 request contemplates an increase of \$10,296,002 in this category. The chart below illustrates the agency's four year trend in these expenditures:

Actual FY-2016 Expenditures	Actual FY-2017 Expenditures	Projected FY-2018 Expenditures	FY-2019 Budget Request
\$63,199,527	\$75,820,794	\$80,703,998	\$91,000,000

From January 2017 through January 2018, MDCPS saw a net gain of 143 employees, or an average of eleven per month. For field positions, the agency experienced a net gain of 121, or an average of approximately nine per month. The projected salary cost for next fiscal year assumes continued and significant improvement in our recruitment and retention of staff. With this background in mind, the agency projects that roughly doubling our performance in recruitment and retention from a net gain of nine or eleven per month to a net gain of twenty per month would represent success on this front. This is how the \$91,000,000 is calculated: projecting a net gain of twenty employees (at the average salary for all agency employees) per month for every month of the fiscal year, and building in a little less than a \$1 million in extra room in for potential promotions and reclassifications. And because the twenty per month number is calculated at the average agency salary, it could allow for more than twenty additional employees per month if the employees are hired at salaries below the average for the whole agency. Entry level caseworkers would fall into this category.

Of course, MDCPS's hiring and retention is an important factor in the agency's ability to meet caseloads requirements. But due to other factors, there is no perfect one-to-one comparison between caseloads and staff. For one, in terms of long-term trends, the agency has experienced a



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steady decline in the number of children in custody over the past six months. This decline has been caused in part by a significant number of adoptions over the last few months of 2017. The agency expects this trend of more frequent adoptions to continue in the coming months.

Caseloads are also affected by the distribution of cases among existing staff. The agency continues to evaluate and review the distribution of cases and our mechanisms for doing so. As caseloads become more balanced over time, caseload compliance will increase among existing staff.

### *Travel*

MDCPS's revised Fiscal Year 2019 budget request includes \$8,636,471.57 in projected travel expenses. This amount was calculated by beginning with the amount we expect to spend on travel in this fiscal year (July 1, 2017 to June 30, 2018), calculating a cost per employee with this year's numbers, and then projecting an increase for next fiscal year proportional to the increase in employees described in the salary calculation. In this fiscal year, the agency expects to spend \$7,786,569 on travel. The revised Fiscal Year 2019 request represents an \$849,902.57 increase. The chart below illustrates the agency's four year trend in these expenditures:

Actual FY-2016 Expenditures	Actual FY-2017 Expenditures	Projected FY-2018 Expenditures	FY-2019 Budget Request
\$6,840,710	\$7,579,818	\$7,786,569	\$8,636,471.57

### *Contractual Services*

MDCPS's revised Fiscal Year 2019 budget request includes \$60,385,729.15 in contractual services. In the current fiscal year, the agency expects to spend \$41,710,533 in contractual expenses. So the revised request represents an \$18,925,938.57 increase. The chart below illustrates the agency's four year trend in these expenditures:

Actual FY-2016 Expenditures	Actual FY-2017 Expenditures	Projected FY-2018 Expenditures	FY-2019 Budget Request
\$48,135,405	\$39,245,485	\$41,710,533	\$60,385,471.57

The revised Fiscal Year 2019 budget request for contractual expenses is divided as follows:

#### **I. Field Operations**

Congregate Care Facilities/Therapeutic Placements/Emergency Shelters	\$22,748,197.20
Non-Medical Services to Children & Families	\$2,600,000
Mississippi Practice Model Consultant	\$1,995,000
Medical Services for Children in Care	\$1,600,000





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Foster Home Home Study Contracts	\$1,500,000
Foster Parent Training	\$161,504
Data Analysis for Therapeutic Provider Monitoring	\$100,000
Independent Living Computer Training Program	\$81,000
Prevention Subgrant Performance Monitoring	\$74,500
Child Welfare Data Access Agreement	\$25,000
<b>Total</b>	<b>\$30,885,201.20</b>

The first line item in the Fiscal Year 2019 field operations portion of MDCPS's budgeted contractual expenses includes all contracts with providers for regular group homes, therapeutic placements, and emergency shelters. These projected expenditures have been calculated using current daily payment rates at each level of care considering average usage over all of Fiscal Year 2017 and the first half of Fiscal Year 2018 (July 1, 2016 to December 31, 2017). The next line includes all non-medical expenses outside existing contracts for services to children and families. The budgeted amount is based on the projected total expenditures in this fiscal year (July 1, 2017 to June 30, 2018). The third line item represents our contract with the Center for the Support of Families for support in implementing the Mississippi Practice Model. This budgeted amount is based on the contract amount. Next is our budgeted amount for medical services for children in care outside those covered by Medicaid. This budgeted amount is based on the projected expenditures in this category for this fiscal year (July 1, 2017 to June 30, 2018).

The \$1,500,000 for home study contracts is budgeted to allow the agency to contract with private social workers for approximately 1200 home studies. The budget also includes foster parent training contracts to provide the training for potential foster families at our Rescue 100 events. These contracts constitute two parts of the agency's plan to replace the contract with 200 Million Flowers to conduct Rescue 100 trainings. This contract was terminated as a cost saving measure. Under the old model, MDCPS contracted with 200 Million Flowers to recruit potential foster families, organize the trainings, and contract with social workers to conduct the home studies. MDCPS also contracted with other entities to perform the actual trainings. By cancelling the 200 Million Flowers contract, MDCPS maintains the same contracts to perform the actual training, but pays half the rate for home studies through contracts with private social workers, resulting in substantial savings. Also, with our termination of the 200 Million Flowers contract, we have brought the administrative portion—event organization and family recruitment—in house with existing staff that we previously needed to coordinate with 200 Million Flowers's staff.

Finally, other contracts provide data access and analysis used by our therapeutic placement unit to evaluate our providers' performance. We also contract for a computer training program that provides youth receiving our independent living services the opportunity to learn computer skills, and a contract to provide assistance in monitoring the performance of our providers for intensive in-home services.



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## II. Information Technology

CCWIS Development	\$11,153,544
Software & Hardware Warranties	\$2,731,175
Cell Phone & Tablet Data Plans	\$2,300,000
MACWIS Support	\$1,904,114.27
Printer & Copier Leases	\$448,800
Reporting App Support	\$24,000
<b>Total</b>	<b>\$18,561,633.27</b>

Our revised Fiscal Year 2019 budget request includes \$11,153,544 in contracts for CCWIS development. These contractual expenses represent a full implementation of CCWIS development, working at the fastest rate our staff can to develop the system. Our IT contractual budget also includes all the software purchases, software renewals, and hardware warranty renewals necessary to support the agency's operations. We have also budgeted nearly \$2 million in contracts for MACWIS support needed to keep MACWIS operational until CCWIS development is completed. Further, this budget includes nearly \$500,000 for leased copiers in our offices across the state. Finally, \$24,000 had been budgeted for to pay an entity associated with Mississippi State University to continue to host the abuse and neglect reporting app it helped us develop, but work is under way to bring the app's support in house.

## III. Administration

Cost Allocation for MDHS Services	\$5,000,000
Mississippi Centralized Intake	\$2,273,340
Olivia Y Court Monitor	\$1,589,000
Olivia Y Legal Expenses	\$800,000
State Office Leases	\$561,187.52
Other Attorneys Fees	\$323,000
County Office Lease	\$123,665.16
Public Awareness Campaigns	\$101,000
Janitorial Services	\$78,708
Employee Emotional Assistance Program	\$50,000
Employee Drug Testing	\$25,250
Legal Research	\$10,000
Records Storage	\$3,744
<b>Total</b>	<b>\$10,938,894.68</b>

Our contractual expenses in administration include our estimated expenses—based on this year's expenditures—for our portion of the services provided by the Department of Human





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Services. The administrative portion of our budget for contractual expenses also includes our contract with Social Work, p.r.n. to operate our abuse and neglect hotline based on the existing contract amount. This also includes our projected expenses associated with the Olivia Y litigation. We also have expenses for office leases for our state office and one of our county offices, which does not have space provided by the county. We also have contractual expenses related to other attorneys' fees in cases where the attorney general's office is not providing the agency representation. \$101,000 is budgeted for public awareness campaigns with grants funds that allow the agency to promote both preventative measures and the agency's hotline. Finally, we have contracts for janitorial services in some of our offices where not provided by the county, emotional assistance services for employees who have encountered traumatic situations, drug testing for potential employees, a legal research tool for our in-house attorneys, and records storage for some of our agency records.

In the past, our administrative contractual services budget has included a \$2,500,000 contract with the University of Mississippi to provide our preservice training. Even with this contract in place, the agency has employed both trainers and practice model coaches. By reorganizing our trainers and coaches into one training staff, the agency has determined that it can bring pre-service training in house with the existing staff, and eliminate the contract with the University of Mississippi.

### ***Commodities***

MDCPS's revised Fiscal Year 2019 budget request includes \$1,556,707.46 in projected commodities expenses. This amount was calculated by beginning with the amount we expect to spend on commodities in this fiscal year (July 1, 2017 to June 30, 2018), calculating a cost per employee with this year's numbers, and then projecting an increase for next fiscal year proportional to the increase in employees described above in the salary calculation. At this point, the agency projects that it will spend \$1,363,169 in commodities for this fiscal year. So the revised request represents a \$193,538.46 increase. The chart below illustrates the agency's four year trend in these expenditures:

Actual FY-2016 Expenditures	Actual FY-2017 Expenditures	Projected FY-2018 Expenditures	FY-2019 Budget Request
\$1,569,459	\$2,428,243	\$1,363,169	\$1,556,707.46

### ***Equipment***

MDCPS's revised Fiscal Year 2019 budget request includes \$2,754,950 in equipment purchases. At this point, the agency projects that it will purchase \$17,915 in equipment in this fiscal year. So the revised request represents a \$2,737,035 increase. The chart below illustrates the agency's four year trend in these expenditures:



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Actual FY-2016 Expenditures	Actual FY-2017 Expenditures	Projected FY-2018 Expenditures	FY-2019 Budget Request
\$2,312,562	\$1,593,949	\$17,915	\$2,754,950

The budgeted equipment expenses are divided as follows:

### I. Information Technology

773 Tablets	\$1,159,500.00
320 Personal Computers	\$480,000.00
76 Switches	\$456,000.00
150 Laptop Computers	\$180,000.00
10 Fingerprinting Scanners	\$130,000.00
500 Monitors	\$120,000.00
Disaster Recovery Equipment	\$70,000.00
50 Uninterrupted Power Supplies	\$50,000.00
Communication Control System	\$35,000.00
50 Wireless Access Points	\$25,000.00
Projectors	\$15,000.00
20 Laser, Color Printers	\$7,200.00
100 Video Cards	\$5,000.00
5 Equipment Racks	\$2,250.00
<b>Total</b>	<b>\$2,734,950</b>

MDCPS's projected IT related equipment purchase expenditures relate to projected needs for replacement equipment during the next fiscal year. MDCPS continues to evaluate its available tablets, computers, and laptops to ensure that it meets its obligation to provide staff with the IT resources necessary to carry out their duties.

### II. Administration

Miscellaneous Furniture	\$20,000
<b>Total</b>	<b>\$20,000</b>

The administrative portion of our budget for equipment purchases includes \$20,000 for miscellaneous furniture needed to replace items no longer fit for use and to add furniture as new staff are hired. The budgeted amount is based on our projected expenditures in this category for this fiscal year (July 1, 2017 to June 30, 2018).



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### *Subsidies, Loans, & Grants*

MDCPS's revised Fiscal Year 2019 budget request includes \$66,555,045.04 in subsidies, loans, and grants. At this point, the agency projects that it will spend approximately \$60,000,000 in the current fiscal year. The Fiscal Year 2019 request contemplates an increase of \$6,555,045.04 in this category. The chart below illustrates the agency's four year trend in these expenditures:

Actual FY-2016 Expenditures	Actual FY-2017 Expenditures	Projected FY-2018 Expenditures	FY-2019 Budget Request
\$48,837,930	\$55,716,694	\$60,000,000	\$66,555,045.04

These expenses are divided as follows:

#### **I. Field Operations**

Foster Care Maintenance Payments	\$32,000,000
Adoption Subsidy Payments	\$16,500,000
Prevention Services	\$12,515,558.40
Refugee Resettlement	\$2,168,406.06
Adoption Promotion	\$955,158.08
Independent Living Services	\$815,922.50
<b>Total</b>	<b>\$64,955,045.04</b>

MDCPS projected field operations sub-grant expenditures largely consist of MDCPS's foster care maintenance payments and adoption subsidy payments. The budgeted amounts in these categories have been calculated by beginning with MDCPS's projected expenditures for this fiscal year (July 1, 2017 to June 30, 2018) and projecting a moderate increase in expenses for next fiscal year due to the fact that as the agency continues to improve its speed of licensing placements, more children will be placed in licensed placements due these payments. The next major sub-grant category is our prevention sub-grants. This amount is based on the sub-grant amounts for our two providers of intensive in-home services designed to safely maintain children in their homes, and smaller sub-grants providing family support services to prevent abuse and neglect from occurring. Next, the field operations sub-grants include projected expenditures related to the agency's refugee resettlement program, and work with private partners to find adoptive placements for children in our custody. Finally, the budgeted amount includes federal grant funds for independent living services. In the past, the services have been sub-granted out to a private provider, but the agency is currently working to bring these services in house.

#### **II. Administration**





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Federal Reimbursement to Counties	\$1,600,000
<b>Total</b>	<b>\$1,600,000</b>

Some county boards of supervisors provide MDCPS office space and other administrative resources. This budgeted amounts represents reimbursements to the counties for expenses that may be claimed for reimbursement with certain federal funds available to MDCPS.